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International Approach to Develop Financial Resources: The Experience of King Abdulaziz University

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ABSTRACT

Financial institutions for development play a major role in the COVID-19 recovery. But for development finance to be truly effective, it must go beyond a simple deal culture and be integrated in more comprehensive approaches, combined with other development cooperation instruments and modalities, including policy and multi-stakeholder dialogues, and anchored in local dynamics and realities.How can development finance best be integrated into recovery efforts by local actors and donors? How can it contribute to sustainable and inclusive economic transformation?

KEYWORDS: *education, educational process, stakeholders, competitiveness, student's quality standard, quality, effectiveness*

Introduction

Saudi universities have benefited a lot from the budgets provided by the government to universities in order to encourage education and spread it among the various groups of Saudi society. While many universities around the world depend, as part of their budget, on the university fees collected from students, in addition to the support provided by their governments, the public universities in Saudi Arabia, since their establishment, provide education to their students free. Furthermore, they give their students financial grants covering their personal expenses, based on the Kingdom of Saudi Arabia's policy of building a welfare state for all members of society. In addition to supporting university education, the generous budget received by Saudi universities also supports graduate studies, scientific research, laboratory equipment, infrastructure preparation, and the construction of modern buildings through dedicated budgets. The Saudi education policies have served their purpose and paid off, as several Saudi universities have been qualified to occupy distinguished ranks in the international rankings of world universities, gaining popularity with each occupying a prominent position among their counterparts around the world.

Beginning of planning for a promising future, the Saudi Vision 2030 is built around three main themes and based on three pillars, namely: (a vibrant society, a thriving economy and an ambitious nation); these pillars are complementary and consistent with each other in order to achieve the goals of the Vision and maximize the use of its foundations. In the pillar of (a thriving economy), the Saudi Vision focuses, among others, on diversifying the economy, allocating government services, achieving balance in the budget, diversifying and maximizing revenue sources, and managing the public budget in a rational manner, while committing to raising the efficiency of public expenditure, achieving efficiency in the use of resources, reducing waste and increasing non-oil government revenues [11].

Based on the Saudi Vision, various parties developed their visions, and the new Saudi universities by-law has been issued at the beginning of 2020. This by-law allowed universities to establish their own endowments, it also allowed the universities and their endowments to establish companies, participate in their establishment or join them as a partner or shareholder. The new Saudi universities by-law also specified the university's revenues from the state subsidy; the cost of the study programs, diplomas, courses, and services provided; donations, gifts, grants, and wills, provided that their terms and purposes are consistent with the university's mission; the return on its properties; the investment of university facilities; its own revenues and endowments; and the financial resources approved by the university's board of trustees, which do not conflict with the university's goals, vision, and mission. The new Saudi universities by-law also allows the university to charge tuition fees for graduate studies programs; diploma and educational and training courses programs; tuition fees from non-Saudi students; as well as sums of money in exchange for scientific research or consulting services for internal or external parties; and sums of money in exchange for con tracting with other parties in both public and private sectors to provide the staff members that these parties need or to undertake studies, services and consultations.

As is well known, universities play a critical role in the life of nations at different stages of their economic and social development, as their contributions extended to include all aspects of scientific and technical life. This made interacting with society to discuss its needs and provide its requirements one of the most important duties of universities today. There is no doubt that one of the most important requirements of society is to reach high ranks in scientific research, to gain access to technology innovation, work to localize it, and increase social awareness. This can only be achieved through increasing funding to spend on education and scientific research. In the spirit of providing the necessary funding for conducting scientific research and revitalizing scientific research in basic and applied sciences. Saudi universities, through the new by-law, have achieved a large degree of independence allowing them to work on diversifying their sources of income. On these bases, King Abdulaziz University, throughout its career, especially in the first two decades of the twenty-first century, has taken many steps that increase the sources of income and develop its financial resources. In this article King Abdulaziz University's approach to developing its financial resources is presented.

Literature review

One of the important functions of the financial system is to assist capital flows from savers to the highest return investment (Levine, 2006). Financial intermediaries and companies have a close relationship, further reducing the cost of obtaining information.

Imperfect information may, in turn, ease external financing problems and a better allocation of resources. Financial markets and institutions promote improvements in the control of the company and a rapid accumulation of capital and promote economic growth through better allocation of capital. An additional function of inancial institutions is to reduce the cost of acquiring information and monitoring of investment projects.

Financial problems faced by students could be caused by a number of problems as discussed below:

According to Hassan, Ismail and Harun (2013) financial aid in the form of scholarships or loans for students on a yearly, semester or monthly basis accepted by them. The delay is quite burdensome because they have to rely on other financial resources such as self-financing, family funding, borrowing with others or applying for emergency loans with their respective HEIs. This problem is beyond of students control and they are only able to wait until the financial assistance is received.

Some students have no other financial resources and rely only on scholarships and education loans.

Some groups of students comprise of poor or orphan families. Perhaps they have no savings because they have used up all their savings and do not want to borrow from others because of anxiety to burden themselves with debt. Perhaps they are also reluctant to take part-time jobs because they do not want to affect their academic performance. The Online Daily News survey (2011) found that out of nearly 180,000 students of University Teknologi Mara, 10,000 were students from the poor. Some of these small groups have yet to receive financial resources, both from governmental and private bodies. The inadequate problem or lack of financial resources is burdensome for students, especially for underprivileged students as this may affect their learning performance (John Abdullah & Ahmad, 2007).

Referring to Ahmad (2005) study on financial management patterns among students who obtained PTPTN financial loans at University Putra Malaysia (UPM) found that the majority of respondents felt that the amount of loans they earned was insufficient to cover the cost of living and education.

Students are required to pay the services and equipment required for their respective studies and pay for room rent, daily expenses for meals and drinks, public transport or petrol fares and others. Even though they have tried to minimize their expenditure but the loan or scholarship still inadequate.

Research methodology

The number of students at KAU in the academic year of 2020/2021 is 79,643 students, who all receive scholarships, and it employs about 19,000 male and female employees of both sexes, including 7569 faculty members and their assistants from the academic staff.

KAU receives an annual budget of about 1.3 billion dollars from the government, while the university's own income sources amount to 0.21 billion dollars, which is equivalent to 16% of the university's total budget. In addition to government funding, there are some resources that the university has worked on to increase its budget, depending on its own potential. Figure 1 shows the resources of King Abdulaziz University's self-resources.

Deanship of Community Services and Continuing Education
Research and Consulting Institute
Center of Creativity And Entrepreneurship
King Abdulaziz University's Self Resources
Unversity Research Endowment Fund
Research Excellence Centers
Wadi Jeddah Company
Knowledge Economy and Technology Transfer Center
Technology Transfer by Marketing the University Research Outputs and Patents

Fig. 1. KAU's self resources

Investment units were established at KAU in the University Vice Presidency for Projects, Deanship of Student Affairs, and Contracts and Procurement Management at various times as needed. The Investment Management was then established in 2017 to include all investment units, and to organize the investment of real estate and university facilities. The Investment management aims at studying, increasing and developing investment of real estate and university facilities in a way that contributes to increasing revenues and achieving financial self resources from the university's properties, while raising the efficiency and improving the level of performance of the university's investment projects; in addition to finding investment opportunities for university facilities for the private sector and contributing to improving the level of services provided by the university to the community [12].

Based on the goals of the university and its scientific mission in disseminating culture, knowledge, as well as scientific, cultural and technical awareness among various sectors of society through the university's academic departments, which abound with distinguished faculty members in various disciplines and advanced scientific capabilities, the university provided paid services to all societal groups through the Deanship of Community Services and Continuing Education and the Deanship of Research and Consulting Institute. In light of the increasing growth of paid educational programs and research and consulting services provided by the university to the community, the university established an independent administration called (the General Administration for Self-finance) in 2003, to manage the funding that the university receives other than its allocations in the state budget, Such as grants and wills, the proceeds of investing in university properties, and the revenues resulting from providing educational services, research projects and studies to other parties. In 2016, the name (General Administration for Self-finance) has been changed to (General Administration for Self Resources) and it is linked to the university vice president for business and knowledge creativity. It also supervises the revenues and expenses of self-funded programs independently of the university's financial management [13].

The goals of this administration include developing cooperation and interaction frameworks between KAU and the public and private sectors in the Kingdom in accordance with the general frameworks of the policy, vision, mission and goals of KAU, through the university's general strategic plan. It also seeks to increase the university self resources using the available means, in order to finance university projects and coordinate in this respect with the relevant parties with regard to organizing financial expenses for all self-resource programs; in addition to making the most of self-revenue in the development of the educational and research process in line with the university's strategic plan.

The Deanship of Community Service & Continuing Education was established at King Abdulaziz University [14] to be the link between the community and the university to introduce the community to the many capabilities of the university so that the surrounding community can benefit from them. The Deanship offers several programs to the community on a commercial investment basis at competitive prices. These include specialized diploma programs and targeted training courses. It also provides free services to the community through educational lectures and other community activities, the most important of which is hosting the famous TEDx program [15] in the university, which is organized by the Deanship to provide an inspiring opportunity for people to expand their horizons and achieve their hopes, by building a culture of creativity and cross-pollination of new and creative ideas worth spreading.

The Research and Consulting Institute (RACI) was established in 1997 to be a window for KAU in dealing with the public and private sectors with regard to providing specialized consultations and conducting studies, in addition to other scientific services, in exchange for a financial return for the university [16].

The institute's vision states that the first choice must be at the Gulf level in carrying out research projects and consulting studies with high quality. It aims at working as an advisory expertise house, publicizing the research and advisory capabilities of the university, assisting the service and industrial sectors in developing their performance through studies and consultations, harnessing the potential of KAU to serve the community, enhancing cooperation between KSU and public and private sectors institutions in the field of consulting and research, and benefiting from the public and private sectors in funding research and scientific studies, and providing new sources of income for the university.

The Research and Consulting Institute is distinguished by the presence of a broad base of academic staff at KAU, including more than 7500 doctoral experts, with qualifications from the finest American, European and international universities, and specialized in more than 200 scientific disciplines. This is in addition to research assistants, specialized technicians and graduate students. The institute relies, in providing its services, on the infrastructure of KAU with its various 28 colleges, along with 5 institutes, its scientific departments, its specialized 28 research centers, its laboratories that are equipped with modern scientific devices, and its libraries that are linked to global information databases and its information systems that depend on an advanced IT base. The Institute's most important fields of operation include: Expertise Houses, Scientific Chairs, Central Laboratories, Contractual Research, consulting, educational and academic supervision and training.

Figure 2 shows the types of services provided by the Research and Consulting Institute, followed by an overview of each of these services.

Fig. 2 The types of services provided by the Research and Consulting Institute

Conclusion

As the Executive Administration of King Abdulaziz University believes in the capabilities of its employees and infrastructure, KAU, through the implementation of its previous strategic plans, has found out that it can take many steps that are believed by many to be impossible. It has also realized that the path ahead is open to achieve its objective through the efforts of all its employees. Achieving much of what it was aiming for drives it to work even harder, as those who want a bright future have to act now. On the other hand, those who do not work hard, become outdated, as happened to many universities that flourished for a period of time then retreated. The government has, commendably, funded KAU for half a century, and it is high time for KAU to think of new sources of funding. Thus, it took the aforementioned actions in this chapter to seriously explore new income resources based on the participation of all those who benefit from higher education, including public and private sectors companies, institutions and organizations, as well as the local community.

It can be said that KAU has relied on main ideas in developing its financial resources, all of which are in line with what is expected of international universities in education, scientific research and community service. Such ideas include research endowment; establishing an investment arm for the university, i.e. Wadi Jeddah Company; in addition to providing consultations and research to the public and private sectors through the Research and Consulting Institute; marketing its research products and inventions by transferring technology; encouraging creativity and entrepreneurship; making its research centers available to solve community problems, and providing its services to the community through diplomas in the specializations required in the labor market.

This is in addition to what Uzbekistan plans to do or expand in the near future as part of its current strategic plan to develop self-financed universities, as part of the use of e-learning methods or as part of the transition to a paperless university style in educational and administrative matters through electronic interaction between all sectors. university.

Since a journey of a thousand miles begins with a single step, Bukhara State University has taken this step in the hope of ranking among international universities in the diversification of funding sources and various areas of income.

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